DOCUMENT RESUME

ED 074 640 95 EA 005 107

AUTHOR	Thompson, Marjorie
TITLE	Paying for Our Schools: Is There a Better Way? Group I.
INSTITUTION	Communications Coalition for Educational Change, Washington, D.C.
SPONS AGENCY	National Center for Educational Communication (DHEW/OE), Washington, D.C.
BUREAU NO	RO-20399
PUB DATE	Jun 72
GRANT	OEG-0-72-4334
NOTE	28p.
EDRS PRICE	MF-$0.65 HC-$3.29
DESCRIPTORS	Court Litigation; Educational Accountability; *Educational Finance; Educational Quality; Equalization Aid; Full State Funding; *Information Dissemination; *Low Income Groups; *Negroes; Property Taxes; Public Schools; School Budget Elections; School District Spending; School Redistricting; School Support; *School Taxes; State Aid
IDENTIFIERS	Dayton; Ohio; *Revenue Sharing

ABSTRACT

This document was written to inform a low income black community about the financial problems schools are having and to elicit their reactions to alternative ways by which schools could be financed. The document cites examples of school budget crises throughout the nation, presents a breakdown of present sources of school revenue, discusses how money affects the quality of education, and cites court decisions which have held the property tax method of school finance to be unconstitutional in some cases. The document then considers the advantage and drawbacks of alternative plans of school finance that educators and financial experts say will reorganize school support on a more equitable basis. Possible methods of implementing these plans are also discussed. Four school finance plans are considered in detail in the appendix: (1) total funding by the State, (2) cooperative State and local plans, (3) district power equalization, and (4) district reorganization. For a description of the development and dissemination of this document see EA 005 105. Other related documents are ED 070 188, EA 005 106, and EA 005 108-EA 005 111. (DN)

FILMED FROM BEST AVAILABLE COPY

SCOPE OF INTEREST NOTICE
The ERIC Facility has assigned this document for processing to: EA 12
In our judgement, this document is also of interest to the clearinghouses noted to the right. Indexing should reflect their special points of view.

ED 074640

Project No. RO 20399

Grant No. OEG-0-72-4334

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
OFFICE OF EDUCATION
THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL OFFICE OF EDUCATION POSITION OR POLICY

PAYING FOR OUR SCHOOLS:

Is There a Better Way?

Marjorie Thompson

June 1972

EA 005 107

Group I

Communications Coalition
for Educational Change

Demetrio P. Rodriguez lives in a small but well-kept house in the poorest, most tumbledown section of San Antonio, Texas. Rodriguez is a simple, quiet man. Not the sort of person to send shock waves all the way to the United States Supreme Court, you would think. But he has done just that--and for a simple reason. He believed something was wrong with his children's schools and did something about it. The result: a legal battle that soon will be decided by the nation's highest court.

Demetrio Rodriguez is a sheet-metal worker with only an eighth-grade education, but no one had to tell him that the schools one block from his home were very poor indeed. Compared with schools in wealthier areas of the city, the buildings were rundown, the teachers inexperienced, the classes overcrowded, the books and other teaching materials out-of-date and in short supply. And no wonder: the school district Rodriguez lives in has only half as much money to spend on each child as other districts in San Antonio.

*Armed with his observations--and a strong sense of injustice--Rodriguez went to a lawyer. Their legal action (*Demetrio P. Rodriguez v. San Antonio Independent School District*) is forcing the Supreme Court to examine a vital question:*

Should the wealth of a child's parents and neighbors determine how much money is spent on his education?

The outcome of the *Rodriguez* case could be a new way of paying for our public schools in this country. Now, school money comes mostly from the local property tax. That means that poorer districts have much less money to spend on their schools than richer ones. The result, many people believe, is that low-income children--no matter of what race or religion--are condemned to an inferior education.

"All I know is the average property-tax bill around here is about thirty dollars a year, and some pay a lot less," Rodriguez explained to an interviewer one day. "Just a few dollars," he said sadly. "You can't run schools on money like that."

Almost 50 law suits like the *Rodriguez* case are now in the courts. Essentially, they all charge the same thing: the way we pay for our schools discriminates against the poor.

Many people say that low-income people lose out doubly. Not only do they often pay higher taxes, but they usually end up with less money for their schools. The judges in a California court case put the problem this way:

> Affluent districts can have their cake and eat it too; they can provide a high-quality education for their children while paying lower taxes. Poorer districts, by contrast, have no cake at all.

Rodriguez was dissatisfied with his children's schools and checked things out. What would happen if you did the same where you live?

The numbers might vary, but they probably would tell the same story. You would, for example, find that Chicago city schools have much less money to spend on each student than wealthier suburban schools. In the 1968-69 school year, the Chicago public schools spent $769 for each child, while in the nearby suburb of Evanston the figure was $1,569 per child in secondary school and $1,102 in elementary school.

You might also make another alarming discovery.

Every year, for the past three years, the Chicago city schools have had to borrow money to keep open at all. The city's schools do not even have enough money to operate at their present, less-than-adequate level --- let alone to make them equal to suburban schools.

Chicago's schools were $29 million short at the start of the 1971 school year. Only by borrowing against 1972 funds was the school system able to avoid closing the schools for most of December. To make ends meet, the school board had to shelve plans for badly-needed new programs and cut back drastically on old ones. At one time the schools were $98.5 million in the hole for 1972, but the school board finally whittled the deficit down to $33.4 million. The reduction forced by the money shortage "turns back the clock on some programs as much as 100 years," Chicago board member Mrs. Louis A. Malis has said. Worse: More cutbacks may be necessary.

Chicago school children are not the only victims of a school finance system that is failing. In New York last year, the schools had to do away with 5,000 of the city's 62,000 teaching jobs. At the start of the year, the city was short some $40 million to cover teacher pay

raises, and again this year, the city is operating on a tight budget.

In fact, school districts everywhere in the nation--in large cities, small cities, towns, and suburbs--all face a money crisis. Over 80 suburban districts in Illinois' Cook County alone, including well-to-do Evanston, faced a serious money shortage last year. New York suburbs, too, had their share of financial problems. Newspaper headlines across the country told the unfortunate story:

"SCHOOLS TO CLOSE EARLY THIS YEAR"

"TEACHER CUTBACKS EXPECTED"

"COUNSELING PROGRAM REDUCED"

"ADULT EDUCATION DROPPED"

"PHILADELPHIA $68 MILLION SHORT"

"LOS ANGELES $10 MILLION IN THE RED"

The year ahead looks no rosier for the nation's schools.

* * * * *

The principal of Pinewood Elementary School started leafing through the papers on his desk. "Enrollment figures, 1978," one sheet read. "Ummmm, fifty more kids this year than last year," the principal said softly to himself. "Looks like another year of classes in the lunchroom. Someday maybe we'll get that new addition to the building. Not this year, though," he said sadly.

Later in his letter pile he came to an item from the central office.

"To all Principals," the letter began. "Due to budget cuts made by the school board at its last meeting, you are hereby notified that all hiring of teachers and other personnel must stop immediately. Teacher vacancies may not be refilled."

The principal sighed. "Not only do we go another year without a reading teacher, but we have three fewer people than last year. The class sizes are going to be out of sight! I should have filled the jobs earlier!"

The telephone rang. It was the school business manager. "We're in trouble," he reported to his boss. "Not enough books and supplies to go around. And the central office says we've got all we're gonna get."

"I'll see what I can do," the principal said grimly.

The secretary brought in the first visitor for the day, the mother of a third-grade student.

"What can I do for you, Mrs. Brown?"

"It's Frank," she said. "Why is he doing so poorly? Why can't his teacher help him?"

"He needs special help, Mrs. Brown. And we've got 100 more kids just like him. There's a new reading program that could help them a lot

--and maybe next year, we'll be able to get it started."

After Mrs. Brown left, the next visitor entered--Bill Meyers, an experienced teacher and an active member of the local teacher's organization. The teachers had a fiery meeting the day before and Meyers dropped in to report on what happened.

"The teachers are up in arms, all right," he began. "We want at least a five per cent raise this year--just to keep up with the cost of living. But that's not even our real gripe. We want smaller classes, more teachers and more teacher aides. And we want to get that new reading program off the ground right away, no matter what."

The principal listened quietly. "Did you guys know about this?" he asked finally. He shoved the morning's newspaper forward.

Meyers read the big headline: "LOCAL TAXPAYERS ASSOCIATION VOWS TO FIGHT SCHOOL TAX INCREASE."

"I know how the teachers feel," the principal said. "But where is the money going to come from?"

Why is money such a problem now?

First: more students than ever before are attending the nation's public schools--at a time when cities and whole states are rapidly going broke.

In 1971, public school entrollment climed to 46 million--10 million more than in 1960. Swelling public school attendance are large numbers of students who, until recently, attended Roman Catholic parochial schools. The same lack of money is forcing such private schools to close at the rate

of one a day.

Second: inflation is making education costs soar.

Eighty per cent of the average school budget is spent on salaries for teachers, administrators, and others who work in the schools. Since almost all school workers get annual raises to keep up with inflation, the same amount of education costs more each year.

Third: taxpayers seem less willing to foot the bill for ever-increasing education costs.

Until recently, the public believed that more money would buy better schooling. For example, in the 1960's, the public approved--and paid for--construction of some 700,000 new classrooms. Now, attitudes seem to have changed. School levies are among the few taxes on which the public may vote directly--and people are using their vote to show how much they oppose heavy school spending. Currently, angry taxpayers are turning down half of the school tax increases proposed. The well-to-do residents of Chicago's suburbs, for example, rejected seven proposals for school tax increases during two months in 1971.

Some educators, like the principal of Pinewood Elementary School, are asking themselves, how will the schools survive the money crisis? The American public seems worried too: a recent Gallup poll shows that people regard finance as the biggest problem facing public schools today.

<u>But does money really make a difference</u>?

There are no easy answers to that question.

The way things are now, most educators would agree, the education of all children is suffering. Money problems mean teacher cutbacks,

shortened sessions, fewer books and other teaching materials, and reduction in special programs and services. These add up to one thing for certain: the individual needs of children get less attention.

In the past, nobody questioned that the bigger the budget the better the school. And, in fact, many national surveys seemed to prove this point. For example, in states which do not spend much money on schools, many young men are turned down by the Army because of their poor reading and writing skills. In contrast, states which spend more money on schools have fewer Army rejections. Educators make the same point when they say "you get what you pay for" in our society. One financial expert puts it this way: "I have never found a good cheap school."

Nowadays not everyone agrees that dollars buy good education. The doubters are backed by some recent studies. In 1965, Congress voted extra money to improve schools in low-income areas. Five years later, a government study reported that about 90 per cent of the children receiving such aid could not read or write much better than before. Another study found that none of the federal programs offering extra school aid for poorer children had any real success. And in 1965 Dr. James S. Coleman, a social scientist, issued a controversial report called "Equality of Educational Opportunity." He found that the things money could buy--such as chemistry labs, books, and teachers--had little to do with academic success. What influenced students most, according to Coleman, was what each child brought to the classroom from his home and environment.

After a three-year study, Christopher Jencks of Harvard University came to the same conclusion. In a new book which presents his findings,

he wrote:

> Our research suggests...that the character of a school's output depends largely on a single input, the characteristics of the entering children. Everything else--the school budget, its policies, the characteristics of the teachers--is either secondary or irrelevant.

Perhaps more important, Jencks found, a child's success in school has nothing to do with how much he will earn as an adult. Even a child's family background and wealth make little difference in adult life, Jencks claims. Therefore, simply making schools equal will not bring all adults the same standard of living.

What, then, is the answer? Won't more money buy quality education and equal educational opportunity? Even Jencks believes that more money for schools can make a difference. But the difference is not in adult success, but in making the life of the child richer, more interesting, and more satisfying. "If extra resources make school life pleasanter and more interesting, they are worthwhile. But we should not try to justify school expenditures on the grounds that they boost adult earnings," Jencks wrote.

Perhaps the fairest answer can be found in the book, *Private Wealth and Public Education*, written by three lawyers. The authors charge that the way schools are paid for and run makes them "an educator for the educated rich and a keeper for the uneducated poor."

"If money is inadequate to improve education," the lawyers continue, "the residents of poor districts should at least have an equal opportunity to be disappointed by its failure."

* * * * *

Tom Smith looked through his mail and found a bill from the local tax office. He opened it --- and groaned.

"Oh no! How can those idiots talk about raising taxes again. What the devil are they doing with all the money they're getting now?"

Smith is a retired truck driver and owner of his own small home. This year, the tax on his $15,000 house came to $750. When he first bought the house ten years ago, he paid only $450 in taxes. And now, local officials were again talking about another tax raise.

"Where is all this money going?" he asked himself angrily.

He decided to find out. Smith called the mayor's office.

"Why am I paying so much in taxes?" he demanded. "What am I buying?"

"Much of the tax money raised from local property owners pays for schools," he was told.

"But why should people like me have to pay so much?" he insisted. "I don't even have any kids in school! Doesn't the state or Uncle Sam pay anything?" He paused, then asked, "Just how does this system work?"

This is what Smith learned:

Who pays for schools now?

At present, local districts and the states pay the largest part of the school bill. In the nation as a whole, 52% of school money comes from locally raised taxes, 41% from state aid, and only 7% from the federal government.

But this does not tell the whole story. The breakdowns for individual states are different. In New Hampshire, for example, almost all of the money comes from local taxes --- 80% in fact. The rest comes from state and federal aid. But in North Carolina, in contrast, the state pays the lion's share --- 69%. The local share is 19% and the federal share, 12%. The Chicago breakdown, to show another example, is 53% local, 33% state, and 14% federal. Only Hawaii has no local school taxation.

The United States Constitution makes the states legally responsible for education. Neither the federal nor most state constitutions, however, say <u>how</u> school money should be raised. Usually, state legislatures create school districts to run the schools and then give them the taxing power to raise their own money.

In most states, however, the only tax local districts are allowed to use is the property tax. As a result, 98 percent of school money raised locally comes from property taxes. No wonder the American taxpayer has been crying out in protest. Besides supporting the schools, he is already saddled with federal and state income taxes, sales taxes, excise taxes, and even death taxes. And, the fact that a person owns property does not mean he can afford to pay ever-increasing property taxes. Many older people, for example, own their own homes but still live on a small fixed income.

Another problem is that property taxes vary sharply from state to state and district to district. These differences arise mostly from the amount of money in a particular community. For example, wealthy District A, whether in a city or a town, may have property of high value such as

an oil or atomic plant, as well as many handsome houses in good repair. Thus, District A may have very low taxes. But because of the high value of its property it can still raise a great deal of money for its schools.

Just across the boundary line is poor District Z. Z has a large number of low-income families, almost no businesses that it can tax, and quite a few houses in disrepair. Yet Z may have an extremely high tax rate which, unfortunately, produces very little money because of the low value of its property. Z may try four times harder than A to get money to support its schools, yet A may end up spending eight times as much as Z on each pupil.

In a nation which is pledged to equal educational opportunity, the property tax seems to be about as unequal as a tax can be, both to pupils and to taxpayers.

States have tried to help poorer districts out with financial aid. But the elaborate plans and formulas have not closed the gap between rich and poor districts. Most state legislatures, for example, provide at least some money to all districts, whether they are poor or rich. Thus, while all districts have more money, the rich ones are still way ahead. Many state aid formulas actually work against the lower-income groups. Laws passed around 1900, when cities were wealthy, favored the then-poor rural schools. Few of these laws have been changed, even though the cities are now the "poor cousins" of the suburbs. A special report to the President has charged: "Suburban legislators have shown no more inclination to come to the aid of the cities than their rural counterparts."

Federal aid, like state aid, has not helped poor schools much either. Congress has tried to assist local school districts to meet their bills by providing "categorical" aid. This aid money can be spent only on those pro-

grams the federal government considers important. Such money has bought school lunches, improved the teaching of science, foreign languages, and mathematics, and supported special programs for the disadvantaged child. But it does little to make schools more equal. In fact, the $1.2 billion-a-year "compensatory education" program is the government's major effort to help children in poorer schools. But it has not done the whole job. The money is stretched out over so many students that the amount for each is very small. About seven and a half million students in the country qualified for compensatory education aid in 1969-70. The federal money available for each came out to only $187.

Most other federal aid programs provide funds on the basis of population alone. So, whether local districts are rich or poor does not change matters. In addition, many federal aid programs require the states or local districts to "match" federal funds. In these programs, local districts or states must put up the same amount of money as the federal government in order to get any federal dollars at all. As might be expected, poorer districts have little or no money with which to match federal funds--and so get little help.

It seems likely that the federal government will someday switch to a "general" aid program. Under this general-type aid, states and local districts will receive federal dollars with relatively few strings attached. For example, local districts will be able to use money to buy textbooks, teacher aides, breakfast and lunches--or whatever local school children need most.

* * * * *

Tom Smith was in Clancy's one day, telling some of his buddies what he learned about schools and money.

"Same old system," one listener said when Smith finished. "Man, are we getting a raw deal."

"Yeah. And the system isn't just unfair. It's not even working!" someone added.

Then everyone started talking at once.

"What about the kids? They're really losing out."

"This is probably the way things have been done for years, too. Nothing ever changes."

"This is the richest country in the world! How come we can't even keep our schools in business! What's wrong with us?"

"Yeah. Do we have to cheat our kids forever?"

Can the system be changed?

The answer is yes. The climate for change is growing. Many people--citizens, lawyers, legislators--are working for a fairer way to pay for our schools.

Yet states will probably not overhaul their finance systems unless forced into action by the courts. Reformers have already won half a dozen court cases, with about fifty more still to be decided. And the Supreme Court decision which is coming could trigger nationwide change.

Serrano v. Priest in California was the first major test-case in the legal battle for reform. On August 30, 1971, the California Supreme Court

ruled that the state relied too heavily on the property tax to pay for its schools. The California system, the court declared, "invidiously discriminates against the poor because it makes the quality of a child's education a function of the wealth of his parents and neighbors."

California's highest court used as an example of unfair financing the Baldwin Unified School District, a lower-middle-class area, and Beverly Hills Unified School District, an extremely wealthy one. In 1968-69, said the Court, Baldwin Park property owners spent $840 per pupil, while Beverly Hills spent $1,231. But the poorer Baldwin Park property owners had to pay taxes that were more than double: for every $100 of property, Baldwin Park property owners paid $5.48 and Beverly Hills property owners paid $2.38.

The California court based its decision on earlier U.S. Supreme Court cases that outlawed inequality of educational opportunity as unconstitutional. As a result of *Serrano*, Californians are voting this fall on an amendment to their state constitution.

Perhaps the most crucial decision yet to come is the *Rodriguez* case, now before the Supreme Court. Back in 1971, a special panel of three federal judges ruled in favor of Rodriguez. The judges declared that the Texas system--which draws almost half of its money from the local property tax--is unconstitutional. The panel ruled that the Texas system guaranteed that "some districts will spend low with high taxes, while others will spend high with low taxes." The judges ordered Texas to find a new way of paying for schools within two years.

The state of Texas has now appealed the *Rodriguez* decision to the Supreme Court. If the nation's highest court upholds the lower federal court, every state in the union that relies on local taxation will have to come up with a new system of school finance.

What are some other ways of paying for schools?

Educators and financial experts are asking this question of themselves --- and coming up with many different answers. Probably, any new plan that is developed will be some combination of federal, state, and local financing. In any case, the aim of all the new plans being considered is the same:

* to shift the financial burden from hard-pressed local districts to the states and federal government
* to have states take more positive action in making schools equal

Here are some basic approaches that might be used (turn to Page 22 to learn more about specific plans).

TOTAL STATE FUNDING

The state could take over the whole cost of education. This would do away with differences between rich and poor districts, for the amount spent on each child --- wherever he lives --- would be the same throughout the state. The state legislature would simply decide on the amount of money --- say $1,000 --- to be spent on each pupil.

Other versions of this plan would have the state pay most --- but not all --- of the cost of education. Some would allow the local district to add a limited amount to the state's figure.

Total state funding solves some problems but it also raises others. First, what will happen to local community control if the state pays the bills? Many people are afraid once the local district loses control of the school pursestrings, it will no longer have a say in what schools

teach and how. Whoever pays the bills also calls the shots, people fear.

Second, what about those schools that need more money than others? Clearly, any new plan must allow for the fact that --- because of the kinds of students enrolled --- some districts have higher costs. In some districts, for example, many students are interested in vocational training and must therefore have a lot of costly equipment. Other schools have large numbers of physically handicapped students who need special teachers and supplies. Still others have non-English speaking children and some who require special language and reading programs.

STATE EQUALIZATION

A state could adopt a strong "equalization" plan. In other words, there are many ways in which the state could make sure the money spent on each child was equal throughout the state. But such plans would limit the amount districts could raise and spend, and would redistribute money from richer districts to poorer ones. Some people feel this would be both unfair and un-American. Therefore, under some equalization plans now under consideration local districts would still be able to decide how much money they wished to spend on education; in other plans, the state will decide or set firm limits.

DISTRICT REORGANIZATION

States could merge rich and poor districts. The poorer Chicago districts, for example, could be joined together with their richer neighbors in the suburbs. In this way, the property wealth of richer districts would be shared with poorer ones.

Political obstacles to district reorganization are, of course, very great. People who have left the cities and who enjoy well-financed schools

for their children will surely fight any attempt to divide their wealth among their city neighbors.

Where could the money come from?

A state could take over the property tax now used by local school districts. Under state control, however, the property tax could be made more fair. Instead of having people in some communities paying higher rates than people in others, the rates would be the same throughout the entire state.

The state could also levy new taxes or increase old ones on sales and income. Forty-five states already have a sales tax to work with, and forty-one have some form of income tax. To raise rates, legislatures would simply have to change present tax laws. But to levy new taxes, they will need to pass completely new laws. Both solutions have always been politically unpopular, but as the taxpayer revolt grows, legislators may find it necessary to take some kind of action.

Many educators believe that, no matter what, more money should be provided by the federal government. Although the constitution does not permit the federal government to take over all education costs (even if it wanted to), there is no legal reason why Congress could not raise the federal share above its present seven per cent. In fact, the constitution states that Congress has the power to "levy and collect taxes...for the common defense and general welfare of the United States."

Some people argue that the federal share should be in the range of 20 per cent to 50 per cent of the total school bill. And now is the time, they say, for Washington to come through with more "general" aid rather than relying on the present, more limited, categorical kind.

Indeed, the federal government seems to be moving in this direction. The United States Commissioner of Education, Sidney P. Marland, has declared that the federal government should pay 25 per cent to 30 per cent of the nation's public school costs. And reports out of Washington indicate that President Nixon will soon recommend a general federal aid program, but one that requires reforming the present system of school financing as the federal dollars come in.

How do we move from plans to action?

Any change in the way we pay for our schools requires political action. This paper is not intended, however, to swing you towards any single course of action or point of view. Rather, we hope to alert you to the problem and to the fact that some solution is needed. We also want to remind you that citizens like you can have an impact. At every step of the way towards a solution, you can influence the kind of financing plan the politicians eventually adopt. Here's how:

√ talking

Citizens can meet with their local school officials and school boards to make their concerns known. And they can, like Tom Smith, talk to friends and neighbors to alert them to the problem. In a democracy, it is always possible to work for improvements cooperatively.

√ lobbying

Individuals or groups can petition school boards and school administrators to press for legislative action; or they can go directly to state legislators and officials.

√ voting

In some states, new financing plans may require popular referendums and amendments to the sta constitution. In both cases, citizens can make their voices heard through the ballot box.

* * * * *

In New York and Chicago, groups of parents meet to plan strategy. They ask each other: "How can we get the politicians to act?"

In a senate hearing room in Washington, D.C., a parade of witnesses from school systems across the nation comes to testify. They tell the senators: "Urban schools are dying. There's no money for even basic education for our kids. Do something."

In a federal courthouse, a lawyer pleads his case. He tells the judge: "Should it matter where these kids live and who their parents are? Shouldn't they get their fair share of school money?"

In a statehouse conference room, a special governor's task force meets to hammer out a new finance proposal. They argue back and forth: "Full state funding, with local leeway? Or without local leeway? Power equalization? Or what?"

On a crisp fall day, voters march to the polls. They must decide: "Is it time to limit use of the property tax?"

Towards quality education

Clearly, there are no easy ways to pay for schools adequately and fairly, but people across the country are trying hard to find the answers. In the best spirit of American cooperation, they are putting it all together--their skills, their willingness to experiment, their deep sense of justice and fair play, as well as their own sense of self-interest.

The string of court cases around the country is pinpointing the basic unfairness of local property taxes as the principal means of supporting public schools. What's ahead? It seems likely that the U.S. Supreme Court will take its stand on the property tax question this year and that the federal government will soon provide more, and more general, funding for education. It is equally clear that the states may eventually have to revamp their state aid systems.

Changing the way we pay for our schools may take years to accomplish--and it will take place in small, not giant, steps. Above all, it will not solve all the problems with our schools. But whatever else happens, we almost certainly will move closer to providing a quality education for all children. The signposts are already up--pointing the way.

APPENDIX

Among educators and financial experts one of the most hotly debated questions these days is, if not the local property tax, what?

Here are the broad outlines --- with advantages and disadvantages --- of four of the more significant and more controversial alternative financing plans.

I. Total Funding by t' State

Under this plan, the state is treated as one school district, so no financial differences can exist between communities. This is, in fact, how the schools are financed in Hawaii. The state legislature simply votes funds to cover the full cost of education for each child (in Hawaii's case, $984 per pupil), in a kind of one-child, one-dollar concept. Hawaii has no local school taxes, but the state does receive eight percent of its school budget from federal funds. Equal educational opportunity, as far as dollars can buy it, seems to have been achieved.

Total state funding is not a cure-all, however. Although it does away with the worst features of the old system, the plan does have its own problems. For example, any total state funding plan raises the old issue of local control --- a privilege long-cherished by the American people. It is possible for districts to keep local control in many matters, even if the state has fiscal control, but without some sort of local fiscal autho-

rity, problems frequently arise.

Another difficulty is that the total state funding plan does not really equalize matters. Some districts, for example, have above-average costs for transportation, physically handicapped pupils and other special problems. It costs about twice as much to educate a handicapped child as a normal one. Vocational training, too, is often more expensive than regular academic courses.

Another form of full state funding might help overcome this problem. Instead of having the state pay full costs for all educational expenditures, the state would fully fund only the high cost expenditures. These expenditures might include the basic instructional costs --- the heart of every school budget --- and the special costs of so-called "high expenditure" students.

Full state funding of high-cost expenditures would be especially helpful to big cities like Chicago and New York. Cities which are suffering from "municipal overburden" --- the unusually high need for special educational services, and their high cost in metropolitan and urban areas.

Critics of this plan, however, point out that no matter how the revenues are obtained, inequalities would still exist in the amounts of money raised locally.

New York state has considered total state funding. A special commission urged that all funds for public schools be raised and distributed by the state which now pays 47 percent of the

school bill. The method called for a statewide property tax to replace the varying local property taxes now in effect. But the controversial, widely-debated commission report so far has not resulted in legislative action.

II. Cooperative State and Local Plans

Two states now operating under cooperative plans are Utah and Rhode Island.

In Utah, the state decides what each local levy shall be. When that levy produces more than a set amount per pupil, the extra money flows back to the state for distribution to poorer districts.

While the Utah formula does help poorer districts, equal educational opportunity still is not achieved. The reason is that under the plan, a district may tax itself more than the state-dictated levy and keep all the money it gets from this extra effort. A wealthy district therefore can still spend more money on its schools than a poor one. To get around this problem, a local district might raise what it could --- based on its resources --- and the state would then make up the difference.

Rhode Island has a formula for dispensing state aid based on local districts' ability to pay. The state ranks each school system according to property wealth per child. The state then assigns each an "equalization factor" based on its rank. Suppose a school systems'"factor" is 40 percent. For every dollar that the local school board decides to spend, 40 cents comes from local effort and 60 cents from the state.

While the Rhode Island formula assures local decision on how much money will be spent on schools, some experts believe the maximum ceiling placed on state aid prevents the plan from working as designed.

There are a number of other forms of cooperative state and local support, with differing amounts of state aid --- usually more than at present --- and other lids on local taxing and expenses. But none are in use at this time and thus it is difficult to judge their strengths and weaknesses.

III. District Power Equalization

Under this plan a district may choose to finance its schools through specific per-pupil expenditures, for example $500, $1,000, or $1,500. If the district elects to sperd $500 per pupil it must tax itself at 1 percent; for $1,000 at 2 percent and for $1,500 it must tax itself at 3 percent. If the taxes produce more than the amount specified per pupil, the excess flows to the state. If the taxes produce less, the state makes up the difference.

In short, says the plan's author, John E. Coons, law professor at the University of California at Berkeley, "all districts choosing the same tax rate would spend at the same level."

Coons' power equalizing would allow a school district to spend whatever amount per pupil it chooses without taxing itself higher than any other district in the state to do so. Some

experts believe that this plan will meet any court test of equality.

Power equalization could raise other constitutional questions, however. Some scholars say that under power equalization, the amount a school district spends depends on the tastes of voters in a particular district. In other words, making the quality of a child's schooling depend on his geographic location and on how much the taxpayers choose to spend could be unconstitutional. They think power equalization would not be accepted as an adequate remedy by the courts.

Still other experts argue that Coons' plan would increase inequality, since wealthy districts might choose the higher rate, while poor districts would be forced to choose the lower. However, wealthy towns like Beverly Hills would stand to lose rather than gain by power equalization. To get the $9 million it now spends, Beverly Hills would have to tax itself up to $29 million, with the remaining $18 million going to the state of California for redistribution among poorer school districts.

IV. District Reorganization

This method would merge neighboring wealthy and poor districts into one, to achieve a more equitable tax base and a fairer distribution of money.

Such plans have been proposed before, but not directly in connection with school finance reform. In January 1972 Richmind, Va., whose schools are 70 percent black and two of

its suburbs, whose schools are 90 percent white, were ordered by a federal judge to form one school district. While this merger, if carried out, would improve the new districts' tax base, it is interesting to note that in the Richmond case the goal was not financial equality but desegregation.

Still, redistricting could become a widely used method of collecting and distributing school money more equitably. The Richmond decision, though still on appeal, has set a course which other cities, looking for new ways to integrate schools, could follow. Along the way, such communities may discover the added benefit of a more equitable tax base. And metropolitan areas, interested in new ways to finance their schools, may find the advantages of a redistricting plan appealing.

One thing is certain, there are no easy cures in sight.